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Jeffrey Batoff

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EXAMINER

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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*Ex parte* JEFFREY BATOFF

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Appeal 2009-002346  
Application 10/085,394  
Technology Center 3600

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Decided: August 6, 2009

Before HUBERT C. LORIN, JOSEPH A. FISCHETTI, and  
BIBHU R. MOHANTY, *Administrative Patent Judges*.

MOHANTY, *Administrative Patent Judge*.

DECISION ON APPEAL

### STATEMENT OF THE CASE

The Appellant seeks our review under 35 U.S.C. § 134 (2002) of the final rejection of claims 63, 69, 87-90, 110, 112, 113, 115, 116, 118-120, and 188-263 which are all the claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

### SUMMARY OF THE DECISION

We REVERSE.

### THE INVENTION

The Appellant's claimed invention is directed a method and system for providing a first end user with the ability to engage in the swap of at least one item with at least a second end user comprising the following steps: entering a first item to be swapped in an inventory of the system by the first end user; and determining and providing a fixed number of credits for said item by said system based upon the characteristics of said item which can then be used by the first end user to purchase a second item placed by said second end user. (Spec. 4). Claim 63, reproduced below, is representative of the subject matter of appeal.

63. A method of operating an electronic barter system for facilitating consumer to consumer bartering transactions, comprising:

a first consumer user listing item(s) on the electronic barter system;

the electronic barter system determining and awarding to said first consumer user an amount of barter credit for' said listed item(s);

the electronic barter system identifying at least one item that has been listed on said electronic barter system by other' consumer user(s) that may be desirous to said first user;

the first consumer' user' selecting a desired item via the electronic barter system;

the electronic barter system permitting at least a portion of said barter' credit to be used by said first consumer user toward the acquisition of said desired item, the electronic barter system permitting the first consumer user to acquire an item from another' consumer user where it is not required that the other consumer user acquire any item from the first consumer user; and

the electronic barter system communicating a request to the consumer user who listed the desired item that the consumer user who listed the desired item surrender said desired item.

### THE REJECTIONS

The Examiner relies upon the following as evidence in support of the rejections:

Postrel	US 2004/0098317 A1	May 20, 2004
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The following rejections are before us for review:

1. Claims 63, 69, 87-90, 110, 112, 113, 115, 116, 118-120, and 188-263 are rejected under 35 U.S.C. § 103(a) as unpatentable over Postrel.

### THE ISSUE

At issue is whether the Appellants have shown that the Examiner erred in making the aforementioned rejections.

This issue turns on whether it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the Postrel

reference to facilitate consumer to consumer transactions and have “the electronic barter system identifying at least one item that has been listed on said electronic barter system by other' consumer user(s) that may be desirous to said first user.”

### FINDINGS OF FACT

We find the following enumerated findings of fact (FF) are supported at least by a preponderance of the evidence:<sup>1</sup>

FF1. Postrel discloses a system for electronic barter, trading, and redeeming points accumulated in reward programs (Title).

FF2. Postrel discloses that a user earns reward points from a plurality of issuing entities which are stored in a rewards server. The user then may select an item for purchase from a merchant interconnected to the network and the trading server then reduces the number of points in the user's account (Abstract).

FF3. Postrel discloses that a single user 40 interacts with a variety of reward merchants (Fig. 4).

FF4. Postrel does not disclose consumer to consumer transactions in the system.

FF5. Postrel does not disclose the electronic barter system identifying at least one item that has been listed on the electronic barter system by other consumer user(s) that may be desirous to the first user.

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<sup>1</sup> See *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Patent Office).

## PRINCIPLES OF LAW

“Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3) the level of skill in the art, and (4) where in evidence, so-called secondary considerations. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 550 U.S. at 407 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”)

In *KSR*, the Supreme Court emphasized “the need for caution in granting a patent based on the combination of elements found in the prior art,” *id.* at 415-16, and discussed circumstances in which a patent might be determined to be obvious. In particular, the Supreme Court emphasized that “the principles laid down in *Graham* reaffirmed the ‘functional approach’ of *Hotchkiss*, 11 How. 248.” *KSR*, 550 U.S. at 415, (citing *Graham*, 383 U.S. at 12), and reaffirmed principles based on its precedent that “[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *Id.* at 416. The Court also stated “[i]f a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability.” *Id.* at 417. The operative question in this “functional approach” is thus “whether the

improvement is more than the predictable use of prior art elements according to their established functions.” *Id.*

The Court noted that “[t]o facilitate review, this analysis should be made explicit.” *Id.* at 418 (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006) (“[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness”). However, “the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” *Id.*

## ANALYSIS

The Appellant argues that the rejection of claim 63 is improper because “Postrel simply does not have a consumer listing items to facilitate consumer to consumer commerce” (Br. 11). The Appellant argues that Postrel is directed instead to redeeming points obtained from a credit or airline system (Br. 11). Specifically, the Appellant argues that Postrel does not have “a first consumer user listing item(s) on the electronic barter system” or “the electronic barter system identifying at least one item that has been listed on the electronic barter system by other consumer user(s) that may be desirous to said first user” (Br. 11). The Appellant has argued that the Examiner has failed to provide any reason why one of ordinary skill in the art would modify Postrel to enable consumer to consumer transactions or how such a modification would take effect (Br. 12).

In contrast the Examiner has determined that Postrel discloses a method of electronic barter that includes listing items (considered to be awards or credits) on the system and having the user select a desired item via the barter system (Ans. 3-4). The Examiner has determined that “it would be an obvious matter of design choice” that the users could be of various types such as consumers, retailers, and middlemen. The Examiner has determined that it would have been obvious to have consumer to consumer enabled transfer of goods and services (Ans. 4).

We agree with the Appellant. Postrel discloses that a user earns reward points from a plurality of issuing entities which are stored in a rewards server (FF2). In Postrel the user then may select an item for purchase from a merchant interconnected to the network and the trading server reduces the number of points in the user’s account (FF2). In Postrel a single user 40 interacts with a variety of reward merchants (FF3). Postrel does not disclose consumer to consumer transactions in the system (FF4) and the Examiner has not disputed this. Postrel also does not disclose or suggest the electronic barter system identifying at least one item that has been listed on the electronic barter system by other consumer user(s) that may be desirous to the first user (FF5). The modification of the Postrel to have consumer to consumer transactions and to have “the electronic barter system identifying at least one item that has been listed on the electronic barter system by other consumer user(s) that may be desirous to said first user” lacks an articulated reasoning with some rational underpinning to support the legal conclusion of obviousness. There is no articulated reasoning or motivation to modify the Postrel reference to contain the recited claim limitations without impermissible hindsight despite the Examiner’s



assertion that such a modification is “an obvious design choice”. For these reasons the rejection of claim 63 is not sustained. The Appellant has provided similar arguments for claims 188, 200, 212, 224, 235, 247, 250, and 253 which contain limitations similar to those in claim 63 and for the same reasons given above, the rejection of these claims is also not sustained. The rejection of dependent claims 69, 87-90, 110, 112, 113, 115, 116, 118-120, 189-199, 201-211, 213-223, 225-234, 236-246, 248-249, 251-252, and 254-263 is not sustained for these same reasons as well.

#### CONCLUSIONS OF LAW

We conclude that Appellant has shown that the Examiner erred in rejecting claims 63, 69, 87-90, 110, 112, 113, 115, 116, 118-120, and 188-263 under 35 U.S.C. § 103(a) as unpatentable over Postrel.

#### DECISION

The Examiner’s rejection of claims 63, 69, 87-90, 110, 112, 113, 115, 116, 118-120, and 188-263 is reversed.

#### REVERSED

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